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RECORDED FOR: Colonel White

10 January 1968

SUBJECT : Item 5 in weekly Activity Report of Comptroller.

1. This item warrants special consideration. For years as Director of Finance and as Special Contracting Officer, I fought a battle with operations to secure copies of field contracts or at least memoranda of agreements with field agents. The arguments used were:

a. To establish a permanent record in the Agency of the existence of agents in our employ and of the promises and commitments made to these agents.

b. To place these records in the finance files as being the most secure, compartmentalized, permanent, and related records of the Agency.

2. The need and wisdom of this was illustrated and proven again and again after the last war when hundreds of claims were submitted by agents or their surviving dependents for pay or death benefits due. In most cases the only proof or knowledge that the agents ever worked for CIA was secured by searching the financial records.

3. Lastly, these contracts and memoranda of commitments are a means of spot checking alleged payments to agents reported on station accountings for general confirmation and audit purposes, often reflect escrow and other financial arrangements, and provide statistical data.

4. In my opinion the Finance Division is now trying to divest itself of these documents to avoid the handling of papers and to avoid any implication of responsibility to audit agent payments reported in field accountings against contracts and memoranda of agreement.

5. However, Agency policy has already been determined that the Finance Division is not responsible for the verification of payments against contracts. This is in recognition of the field authority to award and revise at will the general remuneration provisions of agent employment.

6. Nevertheless, despite the fact that these documents are not strictly binding hard and fast obligation documents, I feel they are a vital part of Agency finance records--a fact which would clearly be proven again if any of our agents were killed or captured in any major political upheaval or war.

7. The Office of the General Counsel has in the past strongly endorsed these views as a result of its experiences in trying to verify and settle claims after the last war.

8. If you concur, I suggest a memorandum or call to the Comptroller to submit a study coordinated with the Special Contracting Officer, the Chief of Administration, OD/P, General Counsel, and Audit Office.